

South Carolina Board of Economic Advisors

Statement of Estimated State Revenue Impact

Date: March 15, 2007

Bill Number: H.B. 3015

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Committee Requesting Impact: House Ways & Means Committee

Bill Summary

To amend the Code of Laws of South Carolina, 1976, by adding Section 28-2-520 so as to provide the option of a property tax credit or state income tax credit, instead of just compensation, for the value of property that is subject to a condemnation action to a landowner that grants property to a condemner for the purpose of building a sidewalk or bicycle path.

REVENUE IMPACT ^{1/}

This bill is expected to reduce General Fund revenue by \$3,042,000 in FY2007-08.

Explanation

This bill would add Section 28-2-520 allowing a state income tax credit, in lieu of just compensation, to landowners for condemned property for the purpose of building public pathways, such as sidewalks, trails, and bicycle paths. A landowner may also choose to take a property tax credit if a local entity condemns the land. According to SCDOT, eleven percent of the land it acquires is through condemnation. Applying SCDOT's 11% condemnation rate to the average 120 miles of public pathways constructed per year, it is estimated that 13 miles of these public pathway miles are acquired through condemnation per year. Based on SCDOT data, we also estimate that it cost \$234,000 per mile on average. Multiplying 13 miles by the estimated \$234,000 per mile that SCDOT paid for land acquired through condemnation equals approximately \$3,042,000 per year. We expect landowners to take the income tax credit. This bill is expected to reduce General Fund revenue by an estimated \$3,042,000 in FY2007-08.

/s. William C. Gillespie

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^{1/} This statement meets the requirement of Section 2-7-71 for a state revenue impact by the BEA, or Section 2-7-76 for a local revenue impact or Section 6-1-85(B) for an estimate of the shift in local property tax incidence by the Office of Economic Research.